

BOARD OF DIRECTORS  
METROPOLITAN DOMESTIC WATER IMPROVEMENT DISTRICT  
PIMA COUNTY, ARIZONA

September 25, 1993  
5:00 P.M.

7493 North Oracle Road, Suite 219  
Tucson, Arizona 85704

**MINUTES**

**ATTENDANCE:**

Members: Herb Johnson, Chairman  
Jim Tripp, Vice-Chairman  
Pete Schlegel, Member  
Alex Jacome, Member

Others Present: Mark Stratton, MDWID Engineer  
Rick Rollman, Gabroy, Rollman, & Bossè  
Julie Johnson, MDWID Employee (recording  
secretary)  
See attached sign-in sheet

**A. CALL TO ORDER AND ROLL CALL**

1. The meeting was called to order at 5:02 p.m. by Herb Johnson, Chairman of the Board of Directors. Herb Johnson, Jim Tripp, Pete Schlegel, and Alex Jacome were present. Mr. Schlegel explained the circumstances whereby Ms. O'Rielly could not attend the meeting.
2. Jim Tripp moved that the Board approve the special meeting notice and agenda for September 25, 1993, Pete Schlegel seconded and the motion passed unanimously.

**B. COMMENTS FROM THE PUBLIC**

Chairman Herb Johnson elected to postpone this item to later in the meeting, and move on to Item C.

**NEW BUSINESS**

**C. ITEMS FOR DISCUSSION AND POSSIBLE ACTION**

1. Resolution No. 1993 - 9 to retain counsel with respect to the acquisition or condemnation of the Rancho Vistoso Water Company.

Mr. Tripp made a motion to retain counsel, Mr. Jacome seconded it. Mr. Johnson clarified that the new counsel would be Rick Rollman of Gabroy, Rollman & Bossè, P.C. Mr. Jacome questioned whether the District had any assurances that this firm would not bow out at a later time due to conflicts. Mr. Johnson confirmed that. Mr. Schlegel and Mr. Jacome explained the circumstances surrounding Mr. Parsons' conflict of interest.

The motion carried unanimously. Mr. Tripp made a motion authorizing the Chairman to sign the contract for legal counsel, Pete Schlegel seconded it, and the motion passed unanimously.

At this point, Mr. Johnson went back to Item B - Introduction of Guests. He inquired if there was anyone present from the Metropolitan Domestic Water Improvement District. There was not. He then distributed and read a thank you/information note to the guests from Oro Valley (attached). He then closed the comments from the guests, indicating they would be allowed to make additional comments after the executive session.

#### **D. EXECUTIVE SESSION**

Mr. Tripp made a motion to go into executive session, Mr. Jacome seconded and the motion carried unanimously. The Board entered into executive session at 5:12 p.m.

#### **E. OPEN SESSION - CALL TO ORDER**

Mr. Jacome moved that the Board come out of executive session, Mr. Tripp seconded, and the motion carried unanimously. Chairman Herb Johnson called the open session of the Board back to order at 5:40 p.m.

1. Adoption of re-stated Resolution No. 1993 - 7 related to the acquisition by purchase or condemnation of the Rancho Vistoso Water Company.

Mr. Tripp moved that the Board adopt re-stated Resolution No. 1993 - 7, Mr. Jacome seconded, and the motion carried unanimously. Mr. Tripp amended the motion to include authorizing the Chairman to sign, Mr. Jacome seconded, and the motion carried unanimously.

Mr. Johnson invited the audience to comment.

Mr. L.J. Bianchetta, Sun City resident, had the following questions.

1. Assuming a condemnation is successful, will Rancho Vistoso Water Company remain as a separate water company?

Mr. Johnson indicated that it is the Board's intent to cooperate fully with the Rancho Vistoso Company and/or Oro Valley Town Council, depending upon which appears to be in the best interest of the water users.

2. Will there be interconnections between Rancho Vistoso Water Company and any other water company?

Mr. Johnson explained that there would be connections only to the extent that the District is planning a system of reservoirs at high elevations in case of emergency. The contract with Tucson Water states that the District must use CAP water, but that if there is a shortage, the District will be cut off first. These high elevation reservoirs will provide storage for those emergencies. This high elevation storage will also be an advantage in the case of an outage and a main supply becomes inoperable. The District will then have adequate water. That is the only interconnection planned by the District.

Mr. Jacome further clarified that at this point, there will be no intermingling of the water. Mr. Schlegel explained that the Board is made up of users, and that at a future meeting it will be explained how the District was formed, who the Board is, and what the mission and purpose of the Board is. He stated that the Board's role is always to be on top of things, and use the least expensive, most effective methods of solving the needs of the users. He also indicated that since we are using the same water source, it is too expensive and there is no reason to run special pipelines to interconnect.

Mr. Bianchetto indicated the users did not care for Oro Valley's idea of having a single water company and interconnecting. Mr. Johnson indicated the Board agreed. Mr. Schlegel explained that most water companies are made up of several non-contiguous/separate entities.

Mr. Jacome commented that one reason the Board is getting involved is to determine if they can devise a more effective method of managing the resource. He also stated that the Board's motivation is to create a large enough entity on the northwest side so that the District can get the attention of the Arizona Department of Water Resources so that the City of Tucson will not solely manage the region's resources. He explained that management of the resource in the northwest area should not be fractionalized any more than currently exists, that the resource and management skills should be combined so that the northwest side can continue to manage its own resources.

Mr. Schlegel stated the Board feels the water community on the northwest side is very fragile and very important and has been

working very diligently with all the water entities on the northwest side to form an organization called the Northwest Water Alliance. It is the purpose of the Northwest Water Alliance to plan together to protect the water resource and, in doing so, can ensure that the players will remain the same. If the Board does not take these steps, the entity that takes over the Rancho Vistoso Water Company may not have the same intentions that the Northwest Water Alliance does.

3. Will Sun City have any voice with the Board?

The Board will appoint two of its members to meet with a committee of three or four Sun City residents with expertise in individual technical areas, selected by Sun City residents. This committee will analyze the financing, engineering, and the general philosophy of what the Board is doing.

4. How will the District pay for the Rancho Vistoso Water Company?

Mr. Jacome explained that when the District was formed, Metro Water Company was paying various taxes that the District, as a municipality, is not required to pay. This tax saving has been used to help retire the debt incurred from the purchase of Metro Water Company.

Mr. Johnson indicated that the District had contacted its financial advisor for the original bond issue, as well as the attorney who drew up all of the financial paperwork. The District's question was exactly the same, how do we pay for it, can we pay for it. The District was assured that it could be done and that details would be provided at such a time as the District knew what course of action it would be taking.

5. Mr. Bianchetto then asked if the original purchase was accomplished through revenue bonds.

Mr. Jacome indicated the purchase was by "Special Assessment." However, we are repaying it as though we used revenue bonds. Mr. Schlegel indicated a feasibility study would be performed for all of the payment options, and that input from Vistoso users would be welcomed. Mr. Jacome also indicated that if the purchase price was too high, the District's Board would not proceed.

6. Will Rancho Vistoso have its own rate based solely on the Rancho Vistoso area?

Mr. Johnson clarified Mr. Bianchetto's question as being whether or not Rancho Vistoso will have to pay for improvements for the rest of the District. Mr. Johnson answered that they will not have to. They will have to pay their share for operation and maintenance and their debt service. He indicated that at the

present time he did not think there was anything allocated for debt service because they are maintaining the capital investment at the same level. The developer did this as an initial start in order to sell the houses.

Mr. Johnson stated they will now be faced with an additional cost in rates which will cover the debt service. He stated that it will probably be arranged so the users have a very low capital retirement at the beginning of the service. This is because Rancho Vistoso has a smaller amount of ratepayers now and a schedule is worked out where the capital retirement is increased in accordance with the projected population increase. He indicated the District would like to keep the capital retirement low at the beginning so it will not dramatically affect the present rates.

7. Mr. Bianchetta stated that approximately one third of their water is consumed by the golf course. He asked if it would get hit hard by rates.

Mr. Johnson indicated the golf course has the infrastructure so that when treated effluent is available, it can be hooked up to that system and the groundwater is shut off. He also indicated that the City of Tucson and Pima County are working on an agreement to determine who owns the effluent that goes through the treatment plant.

8. Mr. Bianchetta asked if that would be different if the golf course went private. Mr. Johnson told him no, that the Department of Water Resources would still require it. Mr. Jacome alluded to the fact that there are five golf courses in the northwest area that rely solely on groundwater. The Board's aim is to convert all of those golf courses to effluent. Mr. Johnson then lent his copy of the General Manager's two reports entitled "Concept Assessment for Effluent as a Renewable Water Source for Turf Irrigation in the Cañada del Oro Basin" and "District Long Range Water Resource Plan" to Mr. Bianchetta. These reports outline what the District might do to cut costs and solve our future water problems. Mr. Johnson referred to State law that says, in the future, we must pump water out of the ground only on a "safe-yield" basis. You must get credits to pay back what you take out.

Mr. Jacome indicated that a year ago, the Board was in the same position as the Rancho Vistoso Water Company users, and since then the Board has had a crash course in "Water Management."

Mr. Schlegel referred to the price comparison that Mr. Woodard supplied at the Oro Valley meeting. He was concerned about the misinformation expressed by the Rancho Vistoso users. He feels that when these users see that their rates will not change dramatically, they will be more receptive to the idea of the



District's condemnation. He indicated the rates may go up approximately 5 percent, and that would translate to raising a typical Rancho Vistoso customer's water bill approximately \$1.00 per month.

9. Mr. Bianchetta referred to the Oro Valley meeting, where Kathy Jacobs of the Arizona Department of Water Resources stated they had never been approached on a recharge basin and for percolation, and that she doubted that there was adequate land available to perform recharge.

Mr. Johnson indicated that the District has been working on that. Mr. Johnson felt that Ms. Jacobs got cut off before she was really able to delve into the matter, or she would have been able to provide much more information. Mr. Johnson stated that he felt the Metropolitan Domestic Water Improvement District Board should keep Ms. Jacobs informed of all Metropolitan Domestic Water Improvement District actions and efforts to get an assured water supply.

Mr. Schlegel stated the District is so concerned about the Cañada del Oro Basin that it has hired a hydrologist to perform its own studies, in addition to other studies that have been done, regarding recharge of the Cañada del Oro Basin. He also stated the District would like to tap into any technical resources the Rancho Vistoso residents can provide.

Mr. Dave Kay, Manager of Land Development for Rancho Vistoso, asked if it was the intent to file the condemnation papers prior to 10:30 on Monday morning. Mr. Johnson indicated that the action of the Board authorized that. Mr. Kay stated he realized it was authorized, but is it the intent to do so beforehand?

Mr. Rollman reiterated that the complaint had been authorized, and that it would be filed as soon as it could be.

Mr. Kay then asked if it was Mr. Rollman's opinion that filing the condemnation papers will stall the auction, and Mr. Rollman said no. Mr. Kay stated that was the opinion he was hearing from his attorney, as well as other bidders.


Mr. Rollman indicated it was speculation as to how people may react to the action, but that there is a school of thought that says there are potential bidders who are not happy with the way the property has been handled and would be happy to have property without a water company and would be pleased to know that there is going to be a buyer for that water company. There is also a school of thought that the sale value may be enhanced by announcing the willingness of the District to condemn prior to that sale. He acknowledged that this is not a unanimous school of thought.

**F. ADJOURNMENT**

Mr. Jacome moved to adjourn the meeting, Mr. Tripp seconded and the motion carried unanimously. The meeting adjourned at 6:20 p.m.

  
\_\_\_\_\_  
Herb Johnson, Chairman

ATTEST:

  
\_\_\_\_\_  
Clerk